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United Nations Office for Project Services

Annual statistical report on the procurement activities of the United Nations system, 2008*

Goods and services, international project personnel, United Nations volunteers, and fellowships

Executive summary

The Executive Director submits the present report of United Nations system procurement data to the Executive Board pursuant to its decision 2007/38. The complete report may be obtained in the language of submission from the Executive Board secretariat at the United Nations Global Marketplace site (http://ungm.org/Info/Publications.aspx). The report provides details on United Nations system procurement by country of supply.

Total United Nations system procurement under all sources of funding during 2009 was $13.59 billion, which represents an increase of $3.48 billion over the previous year. The share of procurement from developing countries declined by 2.3 per cent, to 51.3 per cent.

The complete 2008 report contains:

(a) An executive summary featuring a trend analysis of United Nations procurement from developing countries and countries with economies in transition;
(b) Analysis of United Nations contracts placed with companies that are signatories to the Global Compact of the United Nations;
(c) Tables listing combined United Nations system procurement, by country of supply;
(d) Tables listing procurement, by individual United Nations organization and by country of supply;
(e) Summary sheets on procurement from countries members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development;
(f) Summary sheets on procurement from the top 20 developing countries and countries with economies in transition;
(g) The top 10 product groups/items procured by the United Nations system;
(h) A section covering major equipment and services (over $30,000) procured by the United Nations system;
(i) A summary of project personnel, by nationality; and
(j) A supplement with a thematic focus on sustainable procurement, providing an overview of the international debate on the subject, case studies and contributions from practitioners and experts.

* The compilation of data required to provide the Executive Board with the most current information has delayed submission of the present report.

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I. Introduction

1. The annual statistical report on the procurement activities of the United Nations system, 2008 was prepared by the United Nations Office for Project Services (UNOPS), which assumed responsibility for collecting and compiling United Nations system-wide procurement data following the partial merger between UNOPS and the Inter-Agency Procurement Services Office in January 2008.

2. The 2008 report analyzes procurement from developing countries and countries with economies in transition, and examines United Nations system performance, in response to General Assembly resolution 57/279 of January 2003 on procurement reform, which encouraged United Nations organizations to increase opportunities for vendors in developing countries and countries with economies in transition. Significant progress has been made towards achieving that objective (see figures 3-8, below).

3. In addition, the 2008 report looks at procurement by United Nations organizations from vendors that support the 'Global Compact'. The Compact measures engagement by the United Nations system with companies that take corporate social responsibility seriously, an increasingly important consideration in the global marketplace. While United Nations organizations give no preferential treatment to Compact signatories, the volume of procurement with registered Global Compact vendors shows an average increase over the period 2006-2008.

4. The 2008 statistical report compiles information supplied by 32 United Nations organizations. UNOPS relies entirely on the cooperation of the reporting entities. In general, response rates were satisfactory, and data quality has improved thanks to better reporting tools. Five United Nations entities did not provide data for 2008.

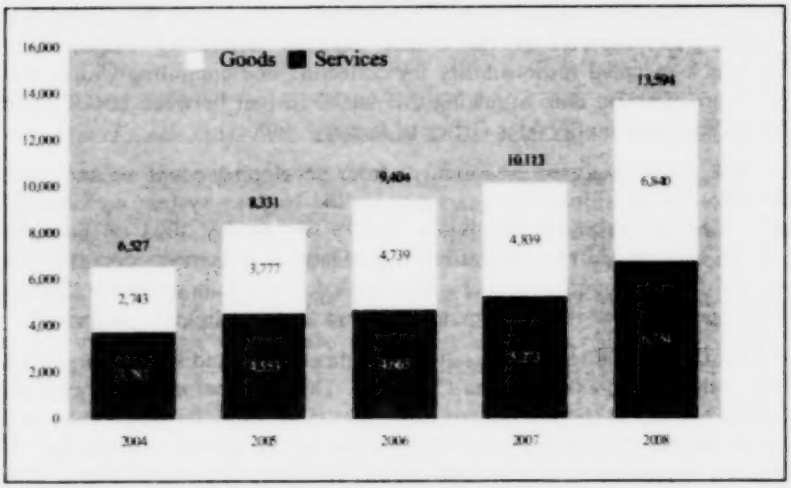
5. Whereas previous reports distinguished between UNDP procurement under national execution or direct execution and procurement by UNDP headquarters, the new format reports on UNDP procurement as a whole.

6. Data is reported on goods, based on countries of supply, and on services, based on the locations of contractors' head offices. Procurement orders and service contracts are reported by contract amount rather than by expenditures incurred. Most United Nations entities cannot, at present, report data based on the country of origin of goods, or on actual expenditures.

7. The 2008 statistical report features an annual thematic supplement that focuses on current issues in procurement. For 2008, the focus of the supplement is sustainable procurement, providing an overview of the international debate on the subject, case studies and contributions from practitioners and experts.

Figure 1. Total procurement of goods and services, 2004-2008

(in millions)

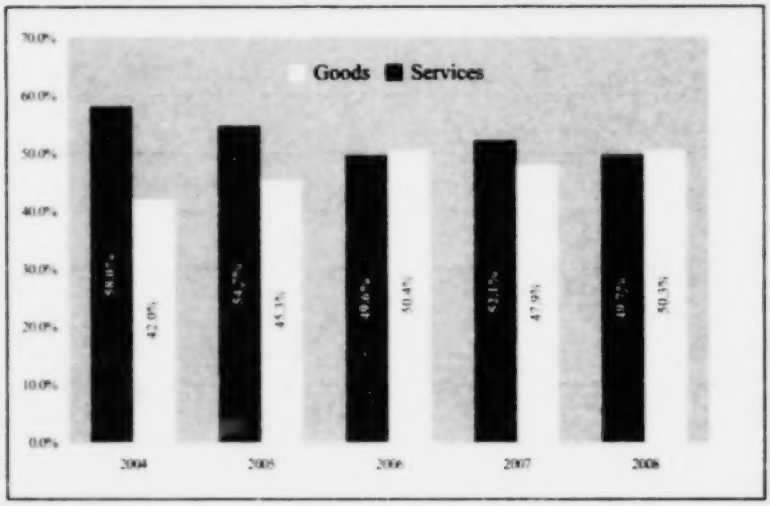


II. Total procurement of goods and services for operational activities of the United Nations system

8. The overall procurement volume (goods and services combined) of United Nations organizations during 2008 increased to $13.6 billion, from $10.1 billion in 2007 – a gain of 34.4 per cent. The total procurement of goods went up $1.5 billion, an increase of 28.1 per cent, while procurement of services grew by $2 billion, an increase of 41.3 per cent. Between 2004 and 2008, United Nations procurement more than doubled in volume, from $6.5 billion to $13.6 billion, primarily attributable to a $4.1 billion growth in the procurement of services of $4.1 billion for the same period.

9. From 2004 to 2008, United Nations system procurement of services rose as a share of total procurement, slightly overtaking the procurement share of goods for the first time in 2006 and again in 2008. In 2008, the share of services exceeded that of goods by 0.6 per cent, reversing the 2007 data where the procurement of goods exceeded that of services by 4.6 per cent.

Figure 2. Proportion of goods and services procured, 2004-2008



III. Top 10 major countries of supply to the United Nations system, 2008

10. The percentage share of total goods and services procured from the top 10 suppliers to the United Nations system decreased between 2004 and 2008 (see figure 3). Over a longer term, United Nations organization sourcing strategies appear to be succeeding in broadening the general distribution of procurement opportunities for vendors. While over the previous two years, the percentage share has increased an aggregate of 4.4 per cent, the 2008 percentage of 38.1 per cent, remains 8.5 per cent lower than levels recorded in 2004.

11. The 10 major countries to supply United Nations organizations in 2008 included four developing countries – India, Afghanistan, Peru and Sudan. India has featured in this list since 2000, and in 2008, was the second largest supplier to the United Nations system, with a 4.6 per cent share of total United Nations procurement volume. Procurement from India includes pharmaceuticals, medical equipment, cold chain equipment and diagnostic test kits procured primarily by the United Nations Children's Fund (UNICEF). Procurement from Afghanistan and Peru consisted primarily of construction services executed with national vendors by UNDP and UNOPS respectively. Procurement from Sudan largely consisted of construction services and fuel oils procured by the United Nations Procurement Division in support of peacekeeping operations.

Figure 3. Percentage share of total procurement volume of the top 10 countries to supply the United Nations system

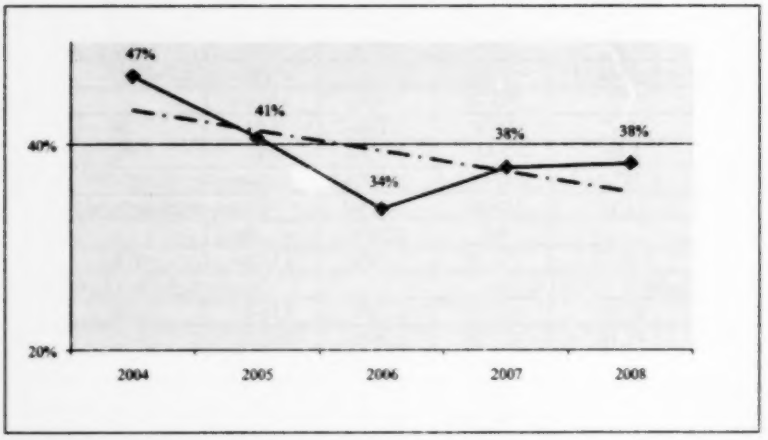


Table 1. Top 10 countries supplying United Nations operations in 2009
(in millions of dollars)

Countries	Goods	Services	Total	Percentage of total
United States	311.4	737.4	1,049.0	7.7%
India	562.9	57.1	620.0	4.6%
Switzerland	353.5	218.5	572.0	4.2%
France	435.1	68.3	503.4	3.7%
Italy	311.7	154.3	466.0	3.4%
Russian Federation	35.7	400.8	436.5	3.2%
Afghanistan	49.0	366.6	415.6	3.1%
Peru	195.0	213.0	408.1	3.0%
Sudan	199.8	184.8	384.6	2.8%
Denmark	254.3	73.1	327.4	2.4%
Top 10 total	**2,708.5**	**2,473.9**	**5,182.4**	**38.1%**
Grand total	**6,754.0**	**6,839.9**	**13,594.3**	**100.0%**

IV. Procurement by United Nations organizations in 2007-2008

12. The following table lists the procurement volume of individual United Nations organizations in 2007 and 2008. Data are presented by the percentage share from developing countries and those with economies in transition. Of the 31 reporting United Nations organizations, 52 per cent increased their procurement volume over the previous year. The United Nations Procurement Division (UN/PD) and the World Food Programme (WFP) recorded the largest volume increases, both by some $1.2 billion.

Table 2. Procurement volume of individual United Nations organizations, 2007 and 2008
(in millions of dollars)

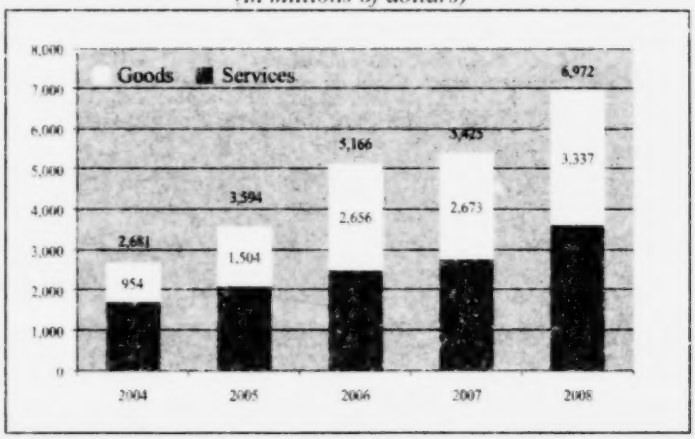
	2007				2008			
AGENCY	**GOODS**	**SERVICES**	**TOTAL**	**(%)**	**GOODS**	**SERVICES**	**TOTAL**	**(%)**
ESCAP	5.03	6.28	11.32	0.11%	2.14	5.16	7.30	0.05%
ESCWA	2.38	2.39	4.78	0.05%	1.31	1.70	3.01	0.02%
ECE	Data included in UNOG figures				Data included in UNOG figures			
ECLAC	3.49	6.73	10.22	0.10%	1.31	4.51	5.81	0.04%
FAO	54.04	30.80	84.84	0.84%	72.73	35.83	108.57	0.80%
IAEA	86.17	45.11	131.28	1.30%	63.63	36.28	99.91	0.73%
ICAO	Data not submitted				Data not submitted			
ICTR	Data not submitted				Data not submitted			
ICTY	Data not submitted				Data not submitted			
IFAD	1.64	28.02	29.65	0.29%	3.94	27.09	31.02	0.23%
ILO	32.17	38.06	70.24	0.69%	15.17	38.69	53.86	0.40%
INSTRAW	0.05	0.04	0.09	0.00%	0.06	0.07	0.13	0.00%
ITC	1.07	4.42	5.49	0.05%	0.47	3.60	4.07	0.03%
ITU	Data not submitted				Data not submitted			
PAHO	293.76		293.76	2.90%	376.66		376.66	2.77%
OPCW	5.64	10.91	16.55	0.16%	5.41	7.74	13.15	0.10%
UNCTAD	0.36	1.65	2.01	0.02%	0.86	1.98	2.83	0.02%
UNDP	627.06	1,797.04	2,424.11	23.97%	724.46	2,135.31	2,859.77	21.04%
UNDP/IAPSO	93.02	13.21	106.23	1.05%	Procurement merged with UNOPS 1/1/2008			
UNECA	4.33		4.33	0.04%	1.76		1.76	0.01%
UNESCO	65.96	165.22	231.18	2.29%	114.84	146.35	261.19	1.92%
UN/DPKO	Data included in UN/PD figures				Data included in UN/PD figures			
UNFPA	177.89	45.86	223.75	2.21%	138.05	114.87	252.92	1.86%
UNHCR	82.33	45.16	127.49	1.26%	206.75	159.35	366.10	2.69%
UNICEF	1,368.51		1,368.51	13.53%	1,540.48		1,540.48	11.33%
UNIDO	22.55	32.36	54.90	0.54%	25.52	28.37	53.89	0.40%
UN/PD	873.07	1,031.19	1,904.26	18.83%	1,345.87	1,826.40	3,172.27	23.34%
UNOG	21.80	47.13	68.92	0.68%	12.49	51.92	64.41	0.47%
UNON	13.96	42.41	56.37	0.56%	Data not submitted			
UNOPS	205.95	452.99	658.94	6.52%	358.90	503.95	862.85	6.35%
UNOV	7.99	14.39	22.38	0.22%	5.47	10.88	16.34	0.12%
UNRWA	138.55	41.53	180.07	1.79%	150.82	54.49	205.31	1.51%
UNU	0.10	2.63	2.74	0.03%	0.35	1.80	2.16	0.02%
UNV	0.86	2.92	3.78	0.04%	0.40	10.63	11.03	0.08%
UPU	0.72		0.72	0.01%	1.83		1.83	0.01%
WFP	885.48	922.97	1,808.45	17.88%	1,579.55	1,484.37	3,063.92	22.54%
WHO	142.10		142.10	1.41%	Data not submitted			
WIPO	51.34		51.34	0.51%		138.24	138.24	1.02%
WMO	3.79	7.93	11.72	0.12%	2.92	5.68	8.59	0.06%
WTO	Data not submitted			0.00%	0.17	4.67	4.84	0.04%
TOTAL	**5,273.15**	**4,839.36**	**10,112.50**	**100.00%**	**6,754.33**	**6,839.89**	**13,594.26**	**100.00%**

V. Procurement from developing countries and countries with economies in transition

13. General Assembly resolution 57/279 on procurement reform (specifically paragraph 6), encouraged United Nations organizations to increase sourcing opportunities for suppliers from developing countries and countries with economies in transition. General Assembly resolution 61/246 (specifically paragraph 24), reiterated the request. In response, United Nations organizations have placed more orders with suppliers from these countries. The growth of such orders has more than doubled in dollar terms from 2004 to 2008, as shown in figure 4.

Figure 4. United Nations procurement from developing countries and countries with economies in transition, 2004-2008

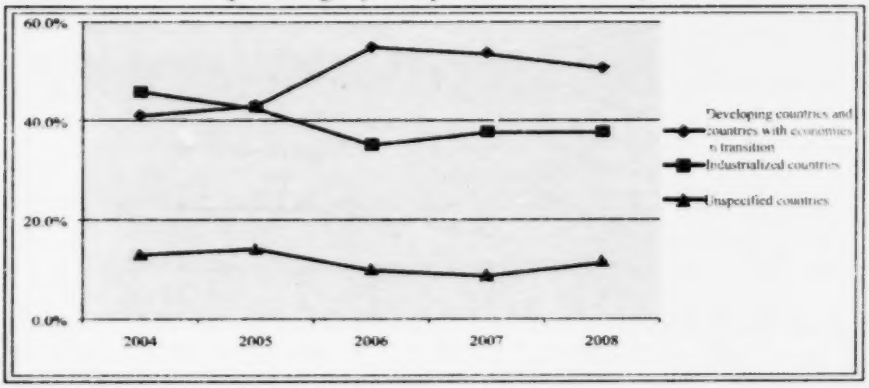
(in millions of dollars)



14. Although, in 2008 procurement from developing countries and countries with economies in transition increased $1.5 billion over 2007, their share of overall total procurement volume decreased by 2.9 per cent. Of note, procurement from developing countries and countries with economies in transition exceeded 50 per cent of total United Nations procurement volume in 2007 (53.6 per cent) and 2008 (50.7 per cent), while procurement from industrialized countries remained steady at 37.7 per cent in 2007 and 37.8 per cent in 2008. Procurement from unspecified countries has risen from $0.8 billion in 2007, to $1.4 billion in 2008. Countries are unspecified when organizations cannot attribute the origin of the supplier in their management information systems, as is the case with WFP transportation data, which accounts for $1.2 billion of the procurement from unspecified countries.

Figure 5. United Nations procurement from developing countries and countries with economies in transition, 2004-2008

(percentage of total procurement volume)

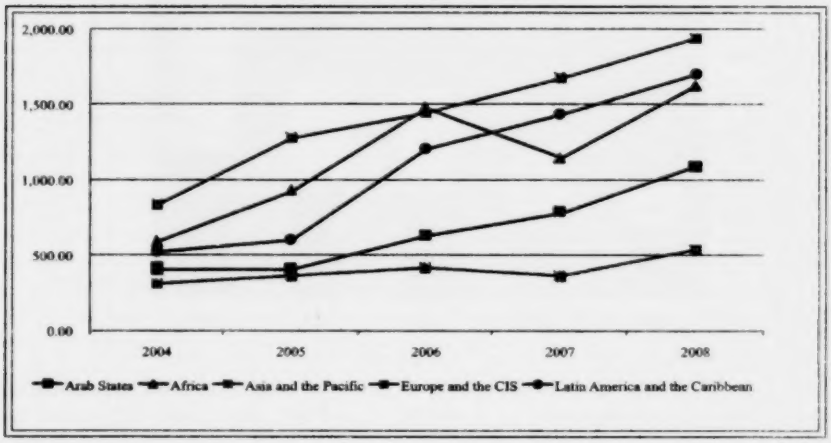


VI. Procurement from developing countries and countries with economies in transition, by region

15. An analysis of United Nations procurement from developing countries and countries with economies in transition by region, since 2004, shows that the increase in total procurement volume has benefitted all regions. Except for Europe and the Commonwealth of Independent States, all regions have markedly increased their procurement business with United Nations organizations since 2004. While Africa experienced rapid growth in procurement business with the United Nations from 2004 to 2006, its share declined in 2007 but increased again in 2008 by $478.9 million to $1.6 billion.

Figure 6. United Nations procurement from developing countries and countries with economies in transition by region, 2004-2008

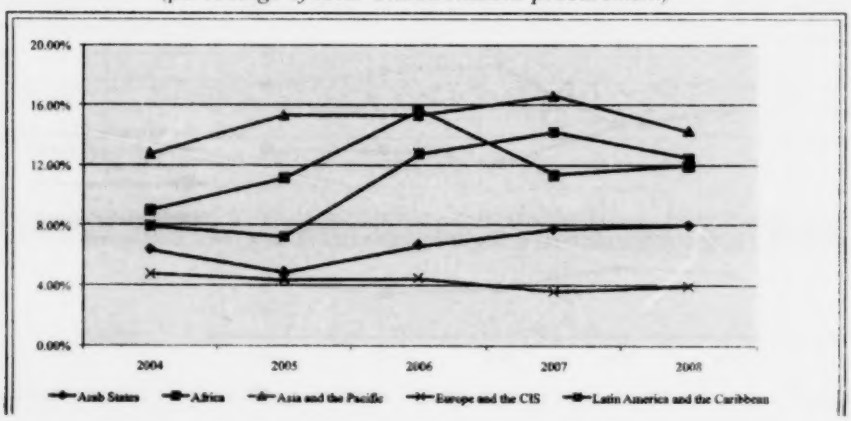
(in millions of dollars)



16. Regional data on percentage share of United Nations procurement from developing countries and countries with economies in transition confirms that most regions have enjoyed growth in procurement business. The percentage share of United Nations procurement in Asia Pacific and Africa regions has decreased by 2.3 per cent and 1.7 per cent respectively, since 2007. The Latin America, European countries, as well as Arab States have marginally increased their percentage share of total United Nations procurement.

Figure 7. United Nations procurement from developing countries and countries with economies in transition by region, 2000-2007

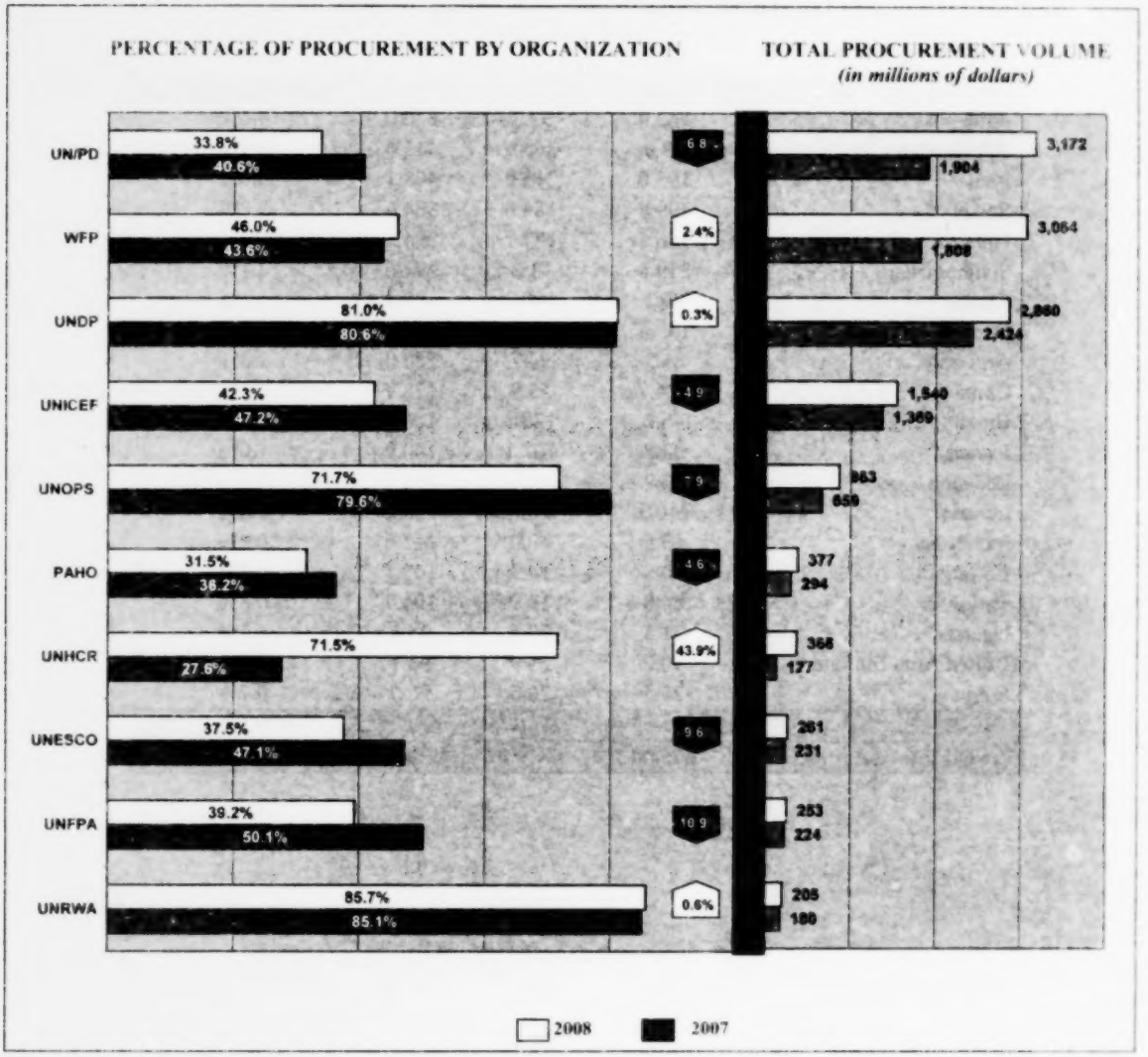
(percentage of total United Nations procurement)



VII. Procurement from developing countries and countries with economies in transition, by top 10 United Nations organizations

17. Figure 8 presents percentage of procurement volume by the 10 largest United Nations organizations (accounting for 95.3 per cent of total procurement), from developing countries and countries with economies in transition in 2008, as well as the percentage change compared with 2007. Organizations are listed in descending order total volume, detailed in the section to the right in figure 8.

Figure 8. United Nations organization procurement from developing countries and countries with economies in transition, by region, 2007-2008



VIII. Top 20 developing countries and countries with economies in transition supplying United Nations operations in 2008

18. In total, procurement of goods and services from the top 20 developing countries and countries with economies in transition represents 31.9 per cent of overall United Nations procurement volume, a decrease of 1.8 per cent over 2007. For a detailed overview of procurement volume trends, categories of goods and services procured, as well United Nations organizations shares for each of the countries listed in table 3, please refer to the complete 2008 Annual Statistical Report on United Nations Procurement, available at http://ungm.org/Info/Publications.aspx.

Table 3. Top 20 developing countries and countries with economies in transition supplying United Nations operations in 2008

(in millions)

India	562.9	57.1	620.0	4.6%
Afghanistan	49.0	366.6	415.6	3.1%
Peru	195.0	213.0	408.1	3.0%
Sudan	199.8	184.8	384.6	2.8%
Panama	106.5	187.7	294.1	2.2%
South Africa	219.8	71.8	291.6	2.1%
Kenya	89.1	100.3	189.4	1.4%
Dem. Rep. Congo	133.4	49.7	183.1	1.3%
Argentina	85.3	94.7	180.0	1.3%
China	124.7	53.9	178.7	1.3%
Brazil	46.2	120.5	166.7	1.2%
Jordan	33.8	107.1	140.9	1.0%
Lebanon	67.7	64.7	132.4	1.0%
Ecuador	110.2	20.6	130.9	1.0%
Indonesia	53.6	59.0	112.6	0.8%
Colombia	20.8	84.9	105.7	0.8%
Turkey	84.8	19.9	104.7	0.8%
Uganda	71.3	27.5	98.8	0.7%
United Arab Emirates	70.2	25.9	96.1	0.7%
Egypt	25.5	70.5	96.0	0.7%
Top 20	***2349.6***	***1980.4***	***4329.9***	***31.9%***
Grand total	**6754.0**	**6839.9**	**13594.3**	**100.0%**